

PTIF News

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State Treasurer

Volume I, Issue III

July 1, 2009

Points of Interest

- Short-term interest rates continue to slide, approaching zero
- The banking sector remains mixed, as some institutions continue to struggle with problem real estate loans
- Access online account statements with IPAS

From the Treasurer's Desk

Risk and Return

It is well understood that the direct relationship between risk and return is *highly consistent*.

Where investments or bank deposits are concerned, there are really only two ways to increase return: Tie your funds up for a

longer term or *take on more risk*.

Bear in mind that in a challenging economic environment, investment or bank deposit rates significantly above market averages may be an indication of distress or liquidity problems. As we suggested last month in our "Banking Check-Up" feature:

Be sure to do your homework!

As short-term rates plummet, be cautious if you are "chasing yield" - it's a particularly risky strategy in times like these.



Richard K. Ellis

iPAS Update

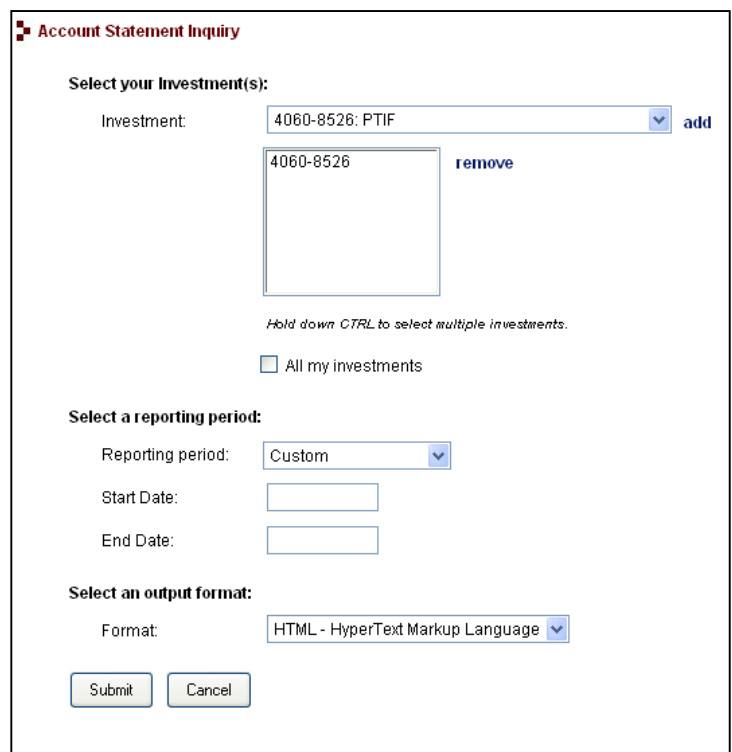
Account Statements

The Account Statement inquiry feature allows you to select which accounts you would like to view, the reporting period, and an output format. **Figure 1** shows the page you will view when generating your own statements in iPAS.

Account Selection

If your entity has twenty accounts or less, you can select an account by using the drop-down list and either using the arrow up or down keys or by using your mouse pointer (the active fund will be highlighted in blue) and then clicking on the "add" link to the right of the listed account.

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Account Statement Inquiry

Select your Investment(s):

Investment: 4060-8526: PTIF add

4060-8526 remove

Hold down CTRL to select multiple investments.

☐ All my investments

Select a reporting period:

Reporting period: Custom

Start Date:

End Date:

Select an output format:

Format: HTML - HyperText Markup Language

Submit Cancel

Figure 1

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Market and PTIF Portfolio Review

As we approach the two year anniversary of the credit crisis, the worst may well be behind us, but the return to full economic stability will be gradual. The federal government has committed billions of dollars to stabilize the financial markets after they came to a virtual standstill late last year. The decline in economic activity appears to be slowing, but there's little hope for a sharp rebound.

At 9.5%, the national rate of unemployment is at a 26-year high, and more job losses are predicted well into 2010. (Job numbers are considered lagging economic indicators).

Although financial markets continue to heal, financial institutions face numerous challenges due to asset quality deterioration, increased capital demands, increased regulation, lower earnings and market volatility. Downgrades to bank

credit ratings continue, and will likely impact them for the next several quarters. It is estimated that U. S. banks may have to raise as much as \$300 billion to cover growing credit losses and future capital requirements. These

challenges require that we remain diligent and cautious when considering deposits and investments in financial institutions.

With the Fed Funds Target rate still pegged to a 0 - 0.25% range ("virtually zero"), there are no indications that the Fed will reverse course anytime soon by increasing the Fed Funds rate. U.S. interest rates this low are unprecedented, creating new challenges for investors.

The PTIF remains committed to offering a safe, liquid and competitive alternative for your

municipality's short-term investment needs.

As illustrated in **Figure I**, 24% of the PTIF portfolio is invested in institutional money market mutual funds, which provide pool participants with a very high degree of daily liquidity. Roughly 45% of the portfolio matures within the next 90 days. Unfortunately, proceeds from these maturing securities will be reinvested into the market at these excep-

tionally low rates, and the PTIF will soon yield less than 1%. Improvement in short-term rates is unlikely, until the Federal Reserve Bank shifts policy position and begins to increase the Fed Funds Target rate, possibly not until the middle of 2010.

While the return of liquidity to financial markets has resulted in rising stock prices and a narrowing of credit spreads, record low interest rates (and therefore record low returns on short-term cash investments) are likely to persist for some time. Use great caution pursuing higher yields that likely require correspondingly higher risk.

Key Rates	Current June 2009	Prior Quarter March 2009	Year Ago June 2008
Fed Funds Target	0 - 0.25	0 - 0.25	2.00
3-Month Treasury	0.18	0.18	1.85
3-Month LIBOR	.63	1.13	2.79
30-Day AI/PI CP	.25	.45	2.56
1-Year Treasury	.46	.64	2.66
2-Year Treasury	1.32	.96	2.94

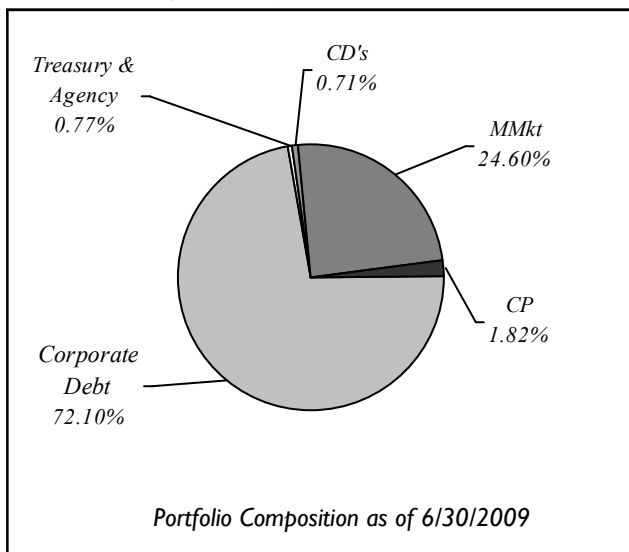


Figure I

Portfolio Summary as of 6/30/2009	
Average adjusted maturity	50 days
Percent of portfolio maturing or repricing within 30 days	46%
Percent of portfolio maturing or repricing within 90 days	91%
360-Day Basis Yield on 6/30/2009	.99%
365-Day Basis Yield on 6/30/2009	1.01%

Figure 2

iPAS Update (continued)

(continued from page 1)

If you have a default account selected, this account will already be populated in the box below the drop down. If you need to remove a fund, simply highlight the fund (it will be highlighted in blue) and click on the “remove” link.

Another option is to click on the check box next to “All my investments” - this will select all funds which have been assigned to you. The selection of “All of my investments” will be indicated by a green check mark. In addition, the drop-down list is no longer functional and is shaded in gray. Generating all of the statements and then selecting which pages you need to print may be easier than selecting multiple funds from the drop-down list.

If you have more than twenty accounts, you need to use the search feature within iPAS or select “All my investments,” illustrated in **Figure 2**. To use the search feature, type in the fund number and click the “search” link to the right of the input box. This will bring up an investment selection screen with the account number and name on the top line and account number, position number, PTIF and Select on the second line. Click “Select” and this will close the investment selection screen and populate the box below the investment input box.

Account Statement Inquiry

Select your Investment(s):

Investment: [add search](#)

4060-8526 [remove](#)

Hold down CTRL to select multiple investments.

☐ All my investments

Figure 2

Select a reporting period:

Reporting period: ▼

Start Date:

End Date:

Custom
Current Month
Previous Month
Current Year-to-Date

Figure 3

Select a reporting period

The four options available in iPAS for selecting a reporting period are Custom, Current Month, Previous Month, and Current Year-to-Date, each option is described below.

The *Custom* reporting period allows you to generate statements over any user-defined period of time. The start date and end date can be selected by using the calendar or by directly entering the date into the input box. The date format is MM/DD/YYYY. If you are using the calendar, first select the month, then the year, and then the date. After selecting the date, the calendar will close.

The *Current Month* reporting period will load the first and last day of the current month into the start and end date input boxes, the *Previous Month* reporting period will load the first and last day of the previous month into the start and end date input boxes, and the *Current Year-to-Date* reporting period will load the first day of the calendar year into the start date input box and the current date into the end date input box.

In **Figure 3** above, “*Previous Month*” has been selected as the reporting period.

Select an output format

Output formats available in iPAS include HTML-Hyper Text Markup Language, PDF-Portable Document Format, RTF-Rich Text Format, and XLS-Excel Format. The recommended format option is PDF, as shown in **Figure 4**.

Select an output format:

Format: ▼

HTML - HyperText Markup Language
PDF - Portable Document Format
RTF - Rich Text Format
XLS - Excel Format

Figure 4

Once you have selected the account(s), reporting period and output format, click “submit” and a statement will be generated for you.

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iPAS Update (continued)

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If you use the default HTML format, the statement will open up within the browser and you can view statements and move from page to page using the navigation buttons. There is a button to close the report and go back to the Account Statement Inquiry page on the top and bottom of the page.

If you use the other formats, you will see a file download dialog box which prompts you to save, open or cancel the operation.

Account Statement Inquiry Q&A

Q: How do I know when statements for the previous month are available?

A: Statements generated from the Utah State Treasurer's iPAS website are available the morning of the third business day following month-end. A message indicating that interest has been posted for the month will appear on the

home page, under notices. In addition, interest earned and interest rates will be shown in the account summary section of the statement.

Q: How far back does the data go?

A: The earliest period for which you can generate a full monthly statement is June 2002.

Q: How do I stop statements from being mailed?

A: Complete the online form found at <http://www.treasurer.utah.gov/newptiform.pdf> and either email a scanned copy to ptifadmin@utah.gov or fax to (801) 538-1465. For multiple accounts, list your entity name in section A and then type "all," or list your account numbers in section B rather than submitting a form for each account.

Q: Can I give access to the auditor or my accountant to view statements only?

A: Yes. If you want to grant "view only" access to a user for statement inquiries, send an email to ptifadmin@utah.gov with the user's name, phone number and email address and we will setup them up on iPAS.

Q: The computer froze when I submitted a transaction. How do I know if a transaction processed?

A: Go to the "Account Statement Inquiry" page and generate a statement for the current month for the account in question. If the transaction processed, it will be reflected on the statement.

You can also see pending deposits or withdrawals by going into the deposit or withdrawal function and selecting the account you want to view. If the transaction processed, you should see an amount in "Contributions/Withdrawals Pending Settlement."